

Message Text

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12

ACTION EA-10

INFO OCT-01 EUR-12 NEA-09 ISO-00 OES-03 EB-07 TRSE-00

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 8481

INFO AMEMBASSY ABU DHABI

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TEHRAN

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E.O. 11652: N/A

TAGS: JA, SA, EAID

SUBJ: JAPAN-SAUDI ECONOMIC-TECHNICAL COOPERATION AGREEMENT

1. JAPANESE FOREIGN MINISTER MIYAZAWA AND SAUDI ARABIAN CENTRAL PLANNING DIRECTOR HISHAM NAZIR SIGNED AN ECONOMIC AND TECHNICAL COOPERATION AGREEMENT IN TOKYO MARCH 1. AFTER FOUR YEARS OF INTERMITTENT NEGOTIATIONS GOVERNMENTS HAVE AGREED TO: A) PROMOTE JOINT VENTURES IN ECONOMIC DEVELOPMENT FIELDS, ESPECIALLY PETROLEUM, PETROCHEMICAL, MINERAL, AGRICULTURE, FISHERIES AND MEDICAL; B) ENGAGE IN TEECHNICAL COOPERATION INCLUDING PROVISION OF JAPANESE EXPERTS (FONOFF ASSERTS QUESTION OF WHICH COUNTRY WILL PAY EXPERTS UNRESOLVED) AND TRAINING; AND C) ESTABLISH A JOINT GOVERNMENTAL COMMITTEE TO IDENTIFY JOINT DEVELOPMENT PROJECTS AND OVERSEE THEIR IMPLEMENTATION.

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2. FOREIGN OFFICE OFFICIALS CONTACTED BY EMBASSY INDICATED

THAT IMPETUS FOR TECHNICAL COOPERATION AGREEMENT CAME FROM SAUDI SIDE; BUT NOW THAT AGREEMENT HAS BEEN SIGNED, FOREIGN OFFICE WILL PRESS FOR EARLY CONVENING OF JOINT COMMITTEE, WHICH FOREIGN OFFICE WILL HEAD ON JAPANESE SIDE. ALTHOUGH PRIVATE JAPANESE FIRMS HAVE BEEN ACTIVELY INTERESTED IN INVESTING IN SAUDI ARABIA, FOREIGN OFFICE DOES NOT INTEND TO TAKE INITIATIVE AT JOINT COMMITTEE MEETING. RATHER IT EXPECTS SAUDIS TO PRESENT PROPOSALS FOR JOINT PROJECTS ON WHICH JAPANESE PRIVATE INDUSTRY WILL THEN CONDUCT FEASIBILITY STUDIES. JOINT VENTURES WILL BE ENTIRELY PRIVATE INDUSTRY BASED ON JAPANESE SIDE.

3. JOINT COMMITTEE WILL ALSO DISCUSS TYPE AND DIVISION OF FINANCIAL BURDEN OF TECHNICAL COOPERATION PROGRAMS, WHICH ARE ONLY BROADLY SPECIFIED BY AGREEMENT.

4. IN REPLY TO EMBOFFS' QUESTIONS, FONOFF OFFICIALS SAID THAT DESPITE STORIES TO CONTRARY APPEARING IN JAPANESE PRESS, GOJ HAS NO PLANS AT PRESENT TO DISCUSS A GOVERNMENT-TO-GOVERNMENT DEAL FOR PETROLEUM WITH SAUDI ARABIA.

5. COMMENT: JAPAN-SAUDI AGREEMENT IS CONSIDERABLY SHORTER AND LESS SPECIFIC THAN ECONOMIC COOPERATION AGREEMENT REACHED WITH IRAQ IN AUGUST 1974. SERIES OF DIFFICULTIES ENCOUNTERED IN IMPLEMENTING IRAQI AGREEMENT, DUE MAINLY TO INFLATION AND CHANGED CONDITIONS IN INTERNATIONAL OIL MARKET, MAY HAVE CONTRIBUTED TO JAPANESE CAUTION TOWARDS ENTERING INTO SIMILAR AGREEMENT WITH SAUDIS. ACCORDING TO FOREIGN OFFICE ECONOMIC COOPERATION BUREAU DEPUTY DIRECTOR GENERAL KIKUCHI, FOREIGN OFFICE NOT TERRIBLY ENTHUSIASTIC ABOUT SAUDI AGREEMENT, BUT NOW REGARDS IT AS USEFUL MECHANISM TO COORDINATE UNDER MITI GUIDANCE JAPANESE ECONOMIC ACTIVITIES IN SAUDI ARABIA. HE ADDED THAT IT WOULD NOW BE MORE DIFFICULT FOR SAUDIS TO PLAY OFF ONE JAPANESE FIRM AGAINST ANOTHER. COPY OF AGREEMENT BEING POUCHED TO DEPARTMENT.
HODGSON

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